UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION 6
1445 ROSS AVENUE, SUITE 1200
DALLAS, TX 75202-2733

May 4, 2006

Mr. Mark A. Prescott
Department of Homeland Security
U.S. Coast Guard, Commandant (G-MSO-5)
Deepwater Ports Standards Division
2100 Second Street, SW
Washington, DC 20593-0001

Docket No: USCG-2004-17696

Dear Mr. Prescott:

In accordance with our responsibilities under Section 309 of the Clean Air Act, the National Environmental Policy Act (NEPA), and the Council on Environmental Quality (CEQ) Regulations for Implementing NEPA, the U.S. Environmental Protection Agency (EPA) Region 6 has completed its review of the Final Environmental Impact Statement (FEIS) for the liquefied natural gas (LNG) deepwater port terminal and natural gas pipeline facilities proposed by Freeport-McMoRan Energy LLC. Under Section 309 of the Clean Air Act, EPA is responsible for reviewing and commenting on Federal actions significantly affecting the quality of the environment. In addition, EPA is a cooperating agency for this project. EPA's review of the FEIS includes comments pursuant to both of EPA's roles in this matter.

Freeport-McMoRan Energy LLC proposes to construct Main Pass Energy Hub (MPEH or the proposed Port), a deepwater port and associated anchorages in the Gulf of Mexico, approximately 16 miles southeast of the coast of Louisiana in lease block Main Pass (MP) 299, in water depth of approximately 210 feet. A gas pipeline junction platform, also part of the proposed Port, would be located approximately 40 miles from the Mississippi coast in MP 164. The proposed port, capable of unloading LNG carriers of up to 160,000 cubic meters capacity, would be designed to handle a nominal capacity of 7.0 million metric tons per year of LNG, the equivalent of 350 billion cubic feet (Bcf) per year of gas. There would also be three salt caverns for temporary storage of 27.9 billion standard cubic feet of natural gas, and gas conditioning operations at the proposed Port.

In our comments on the Draft EIS for this project, EPA expressed its environmental objections to the use of open rack vaporization (ORV) technology as the re-gasification system without technological or operational modifications to address potential direct and cumulative adverse environmental impacts to Gulf waters and habitat. We noted our concern that chemical biocides and sudden water temperature reductions could be lethal to fish, shellfish, eggs, and

larvae at the point of discharge. We were further concerned that the use of ORV technology is anticipated to introduce adverse impacts due to impingement and entrainment of eggs and larvae in the seawater intake in addition to those impacted by the discharge plume.

EPA appreciates the improvements that have been incorporated into the proposed project to address our concerns since the Draft EIS on the Main Pass Energy Hub proposal was published in June 2005. The current proposal includes enhancements put forth by the company, including a twenty five percent reduction in water intake demand through the implementation of waste heat recovery, changes in the location of the intake structure to reduce entrainment impacts, and implementation of variable discharge depth and dispersal arrays to mitigate temperature change impacts. As a result of these and other improvements, the FEIS for Main Pass Energy Hub concludes that use of the proposed ORV technology would result in minor adverse impacts to water quality and biological resources.

EPA recommends that the U.S. Coast Guard and the Maritime Administration consider operational modifications that could be reasonably implemented to further reduce potential environmental impacts associated with the project. EPA recommends that the DPA license require that MPEH treat its discharge to remove the total chlorine residual in its discharge of re-gasification process waters should the DPA license ultimately allow for a chlorine-based biocide to control fouling. In addition, EPA recommends that the license require use of an automated air burst cleaning system to more regularly and effectively clear intake screens. In EPA's experience, such systems are a common practice for intake structures and represent a cost effective method to reduce impingement by maintaining the minimum required through-screen velocity.

The combination of these steps would not only address our major concerns raised with the Draft EIS but also present a viable option to reduce energy usage associated with the project. As stated in the FEIS, SCV systems consume a percentage of the natural gas product to warm the water used to re-gasify the LNG, while ORV systems do not. The use of an ORV system instead of an SCV system at Main Pass Energy Hub would make available for consumer use the equivalent of the gas consumption of tens of thousands of households that otherwise would be consumed in the SCV re-gasification process. To the extent that natural gas meets the needs of the nation's increasing energy demand, the environment will benefit with avoided emissions of carbon dioxide, nitrogen oxides, sulfur oxides and particular matter associated with other fossil fuels.

EPA appreciates the opportunity to review and provide comments on the FEIS, and our technical staff would be happy to discuss these comments with you in greater detail. If you have any questions, please contact Mike Jansky of my staff at (214) 665-7451 or e-mail him at jansky.michael@epa.gov for assistance. When the Record of Decision Document is published, please send our office five copies.

Sincerely yours,

John Blevins
Director
Compliance Assurance and
Enforcement Division